

Audit's[®] NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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INVESTMENT OUTLOOK: INFLATION AND SEARCH FOR TAX SHELTERS TO DOMINATE YEAR AHEAD

Our Nov. 21 issue conveyed our strong view that continued inflation will dominate the first half of the 1980s and recommended stressing sound equity trusts leveraged with fixed rate debt.

Page 2 tells the news of two major new trusts arriving on the scene along with baby 1980 -- and we think they are harbingers of many more as the search for tax shelter consumes more investors. As inflation drives more investors into the higher tax brackets, shelter becomes more important. The REIT format eliminates double taxation of corporate income. The trauma of the mid-1970s exposed some weaknesses of the REIT vehicle and in so doing paved the way for structuring of hardier realty trusts.

And if REIT managers are wiser and soberer, so too are investors. More sophisticated and discriminating, they should be able to understand nuances of the new generation realty trusts and corporations. All this signals an exciting year and decade ahead.

Just free your imagination a bit: If racetrack and shopping center operator Santa Anita Consolidated can be rejuvenated via splitup into a REIT and operating company, that means that many property-owning companies now burdened by depreciation and corporate taxes can do the same -- or think about it. Some candidates for this alchemy come to mind: Hilton and the hotel companies; Resorts International and all the gambling companies that must operate hotels along with casinos; some major retailers (and why not Sears or Homart?) Happy New Year!

WITH OUR SISTER SERVICES

REAL ESTATE DISCLOSURE DIGEST's Dec. 14 issue contains an annual outlook for mortgage financing and reviews of mortgage banking companies; plus a look at Wall Street's growing role in real estate finance. Single copies: \$15 prepaid

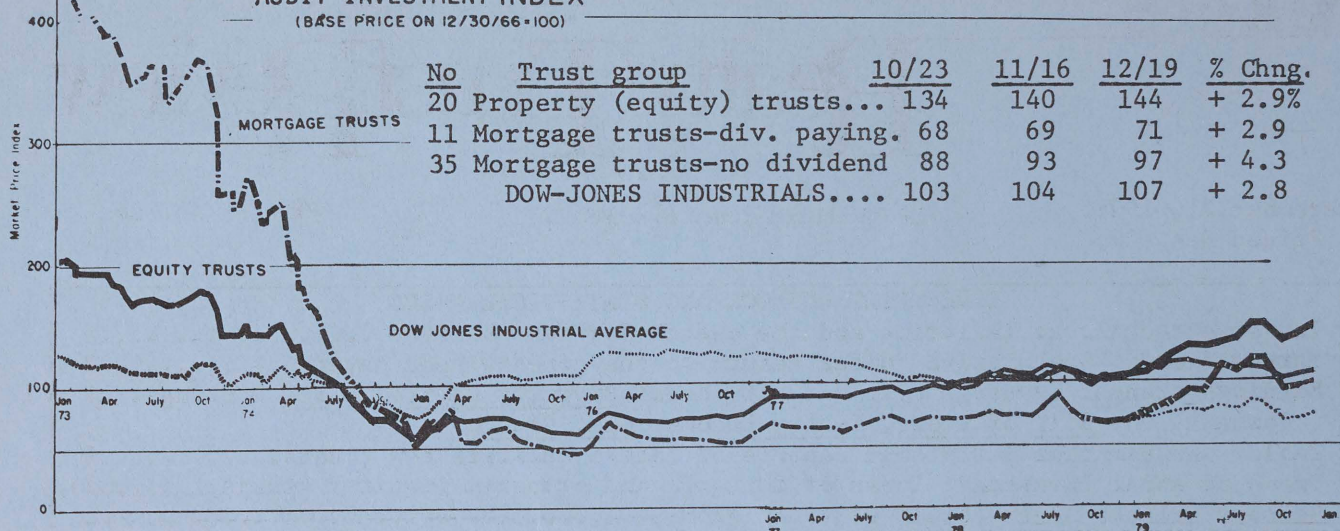
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AUDIT INVESTMENT INDEX

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As we go to press on Thursday, Dec. 20, 1979, the shareholders of Santa Anita Consolidated, Inc., are voting on an agreement whereby the company would merge into Santa Anita Realty Enterprises, Inc., a newly formed Delaware corporation which will operate as a REIT, effective Dec. 31, 1979. The purpose of the reorganization is to increase the amount of Santa Anita's income available for distribution to shareholders; the REIT will derive the bulk of its income from the rental of the Santa Anita Park racetrack. Santa Anita Operating Co. will be formed at the same time to conduct the remaining thoroughbred racing and real estate development operations.

While the split entities will incur higher expenses as a result of their separate status, the pro forma figures tell the whole story. In its fiscal year ended June 30, 1979, Santa Anita Consolidated earned \$1.93/share on revenues of \$66 million, and paid dividend of 90¢/share. The pro forma operating figures for the REIT alone show revenues of \$8.6 million and earnings of \$2.39/share (of which at least 90% would have been paid to shareholders). At the same time, the operating company would have

CORRECTIONS: Dec. 7 RTR--Eastover et al. hold Natl. Mtg., not Maryland Rl.

earned an addition 49¢/share on revenues of \$63 million. Common ownership of the entities will be maintained by pairing the shares of both, which must be transferred and traded as units.

As of Jan. 1, 1980, Presidential Realty Corp., which owns mostly apartments and apartment-backed mortgages, will qualify as a REIT. While Presidential has not paid a dividend since 1975, it has sold a substantial number of its rental properties and would exhaust its tax-loss carryforward to shelter the sale gains. Since with the changes in its assets plus a reduction in its bank debt (paid off with the proceeds from the sales) the company anticipates the eventual resumption of dividend payment, the change to REIT status was deemed advisable. Presidential has sold its property management subsidiary and appraisal business.

Midland Mortgage has agreed to acquire land and development rights at a major Colorado ski resort; NJB Prime has a revised agreement with Prime Motor Inns whereby NJB holders will receive \$2, 0.34 Prime share and a warrant for one Prime share for each NJB share.

PORTFOLIO: Audit and its employees hold beneficially minor positions in First Newport, Homac-Barnes, Metroplex Rl., Midland Mtg., Moraga, PNB, & United Rl.

Summary of Comparative Trust Group Averages for the Month

GROUP	QUAL	NON-QUAL	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
PROPERTY-LARGE	19	0	19	2204	16.00	1.34	1.81	17.12	8.0	25.8	9.5	7.8	7.0	11.3	791.6
-SMALL	7	0	7	977	14.87	1.36	1.59	12.86	2.0	18.2	8.1	10.6	-13.5	10.7	84.2
-SUBOR LAND	3	0	3	1862	16.33	1.38	1.75	16.04	1.4	38.5	9.2	8.6	-1.8	10.7	83.3
AVERAGE 3 PROP GROUPS			29	1872	15.76	1.34	1.75	15.98	6.1	25.4	9.1	8.4	1.4	11.1	959.1
PROP & MTG COMBINATION	13	11	24	2425	11.15	0.43	0.65	9.50	4.5	44.1	14.5	4.6	-14.8	5.9	604.6
SHORT-TERM MTG	11	0	11	2060	16.31	0.88	1.19	10.31	5.9	12.0	8.6	8.6	-36.8	7.3	269.3
LONG-TERM MTG/PROP	10	0	10	3334	16.45	1.20	1.10	10.28	5.3	4.8	9.3	11.7	-37.5	6.7	328.7
MTG/FCLSD PROP-MISC	5	5	10	3172	4.82	0.00	0.68	3.64	0.7	44.0	5.4	0.0	-24.5	14.1	118.2
-BANK	0	14	14	2604	5.59	0.01	0.77	3.83	-1.5	42.5	5.0	0.4	-31.4	13.8	112.9
-INDEPEND	0	38	38	3410	3.17	0.00	0.40	2.99	6.4	34.2	7.6	0.0	-5.5	12.5	267.1
AVERAGE 3 MTG/FCLSD PROP			62	3189	3.98	0.00	0.52	3.28	3.2	38.0	6.2	0.1	-17.4	13.2	498.2
OVERALL AVERAGE	68	68	136	2693	9.67	0.52	0.90	8.17	5.1	27.1	9.0	6.4	-15.5	9.4	2659.9
DOW-JONES INDUSTRIALS							128.99	838.65	2.8	4.2	6.5	6.0			

*LATEST QUARTER ANNUALIZED

MARKET TRENDS: SPECULATIVE JUICES RETURN TO NON-DIVIDEND PAYERS

Realty trust shares gained 5.1% in the past month, over which period the Dow Jones Industrial Index rose 2.8%. While all of the groups, with the exception of the bank-sponsored non-qualified trusts, showed increases paced by the 8.0% gain reported by the large property trusts, the independent mortgage/foreclosed property group (up 6.4%) included the largest gainers, as indicated by the following table.

Capital Mortgage.....up	265%
NJB Prime Investors.....up	58%
Compass Investment.....up	42%
Midland Mortgage.....up	39%
Growth Realty.....up	23%
ANRET Inc.....up	20%
Guardian Mortgage.....up	19%

The movement in these trust indicates the amount of speculation fever in the market--all of these trusts are reorganization/recovery candidates.

Capital Mortgage has been very volatile in recent months; part of its 265% gain is making up the 73% decline it reported in the preceding month. The

trust will become The Washington Corp. by Dec. 31, 1979, replacing an earlier plan to become CMI Properties. Morgens/Waterfall owns 6% of the shares.

NJB Prime's jump reflects its new merger agreement with Prime Motor Inns, while Midland Mortgage moved up on its acquisition of land in a Colorado ski resort (see p. 3 for both). Midland's gain follows a 21% increase last month. The move in the Compass shares is the reaction to the trust's offer of a new 16.25% senior subordinated debenture plus \$200 cash for each of its 8.25% convertible subordinated debentures. Growth Realty will report \$1.15/share swap gains in the current quarter and has recently announced that review appraisers affirmed an estimated \$6.80/share in unrealized appreciation over book. Guardian's gain anticipates the Dec. 20 court hearing for approval of its Chapter XI plan. ANRET was up on its recent reorganization.

On the downside, Plaza Realty's 41% skid can be attributed to the end of merger discussions with Gould Investors. Newcorp was off 4% after a runup following its acquisition of Pier 1 Imports.

Profile of Realty Trust Balance Sheets at Latest Report

	No.	---Invested Assets---		% Non- & Low-earn.	% Change in Month	Loss Reserve	Foreclosed Property	All Debt	Share-holders Equity	Depreciation	Taxloss Carry-forward
PROPERTY.....	29	\$ 1,798M	\$ 46M	2%	-5.0%	\$ 14M	\$ 21M	\$1,167M	\$ 649M	\$258M	\$ 2M
PROPERTY & MTG.....	24	1,916	317	17	-0.2	53	169	1,302	573	149	139
SHORT/TERM MTG.....	11	1,099	127	12	+2.2	26	97	692	417	5	16
L/T MTG/PROPERTY....	10	1,108	105	10	+9.6	13	81	586	525	8	0
MTG/FORECLOSED PROP.	62	4,554	2,965	65	-4.7	731	2,043	3,571	417	78	1,954
TOTALS/AVERAGES....	136	\$10,474M	\$3,560M*	34%	-3.7%	\$836M	\$2,411M	\$7,318M	\$2,581M	\$498M	\$2,111M

* Includes \$994M or 9.4% low-earning assets.

M=Million.

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)
PROPERTY TRUSTS-OVER \$25M ASSETS													
1	AM EQUITY INV #	2497	11.12	1.50	SEP	1.76 ↑ 10.75	2.4	34.4	6.1	14.0	-3.3	15.8	26.8
1	COMMONWTH RLTY#	1344	9.73	0.40	MAY	0.75 ↓ 8.50	17.2	-10.5	11.3	4.7	-12.6	7.7	11.4
3	CONSOL CAP RLY#	1989	26.00	2.28	AUG	2.00 29.00 X	2.4	16.0	14.5	7.9	11.5	7.7	57.7
2	DENVER REI ASN#	1101	17.49	1.00	SEP	1.80 21.75	17.6	107.1	12.1	4.6	24.4	10.3	23.9
1	FEDERAL REALTY#	1434	13.87	1.40	SEP	0.80 ↓ 15.00 X	2.3	0.8	18.8	9.3	8.1	5.8	21.5
1	FIRST UNION RE#	4929	16.13	1.28	SEP	1.24 ↓ 15.13	5.2	40.7	12.2	8.5	-6.2	7.7	74.6
1	FLORIDA GLF RL#	997	20.36	1.28	JUL	1.58 15.25	3.4	29.8	9.7	8.4	-25.1	7.8	15.2
1	GENERAL GROWTH#	6202	11.31	1.60	SEP	2.18 39.38	11.3	49.3	18.1	4.1	248.2	19.3	244.2
2	GOULD INVESTOR#	1170	18.83	1.28	JUN	1.64 14.00 X	9.1	62.2	8.5	9.1	-25.7	8.7	16.4
2	GREIT REALTY	998	11.47	0.40	JUL	0.72 ↓ 9.50	-3.8	33.2	13.2	4.2	-17.2	6.3	9.5
2	HUBBARD REI	4004	24.91	1.76	OCT	3.24 ↑ 16.50 X	-1.8	2.3	5.1	10.7	-33.8	13.0	66.1
2	NEW PLAN RL TR#	3066	6.17	0.90	JUL	1.00 ↑ 9.13 X	0.8	-1.3	9.1	9.9	48.0	16.2	28.0
1	PENN REIT	1561	13.91	1.90	AUG	3.24 22.50	3.4	38.5	6.9	8.4	61.8	23.3	35.1
2	REIT OF AMERICA	1633	22.61	2.05	OCT	2.09 ↑ 20.88	16.0	33.6	10.0	9.8	-7.7	9.2	34.1
2	SAN FRAN RE IN#	1399	25.41	1.76	SEP	1.84 23.88	11.1	29.1	13.0	7.4	-6.0	7.2	33.4
NR	UNIVERSITY REI#	2514	9.16	0.96	SEP	0.51 ↑ 9.75 X	12.3	-1.3	19.1	9.8	6.4	5.6	24.5
NR	USP RE EST INV#	2500	9.34	0.76	SEP	0.79 7.00	12.0	-9.7	8.9	10.9	-25.1	8.5	17.5
2	VIRGINIA REIT #	1017	14.56	0.80	SEP	0.76 10.50	0.0	-10.6	13.8	7.6	-27.9	5.2	10.7
2	WASH RE (WRIT)#	1526	21.66	2.12	SEP	6.43 ↑ 26.88 X	4.4	28.0	4.2	7.9	24.1	29.7	41.0
GROUP AVERAGE		2204	16.00	1.34		1.81 17.12	8.0	25.8	9.5	7.8	7.0	11.3	791.6
PROPERTY TRUSTS-SPECIALITY PROPS & UNDER \$25M ASSETS													
NR	GENERAL RE SHS#	557	15.96	1.21	SEP	1.52 ↑ 11.00	4.8	46.7	7.2	11.0	-31.1	9.5	6.1
1	HOTEL INVESTOR#	1688	19.76	2.20	AUG	2.56 ↑ 19.13	-1.9	20.5	7.5	11.5	-3.2	13.0	32.3
NR	PITTS & W VA RR	1510	23.08	0.56	JUN	0.72 5.13 X	0.4	-10.8	7.1	10.9	-77.8	3.1	7.7
NR	RL EST INV PRP#	959	8.64	1.28	SEP	1.48 ↓ 10.75	0.0	-2.3	7.3	11.9	24.4	17.1	10.3
NR	REIT OF CALIF	719	10.24	1.28	SEP	1.60 17.00	0.0	13.3	10.6	7.5	66.0	15.6	12.2
NR	TERRYDALE RLTY#	336	23.36	1.80	JUN	2.28 18.00 X	-2.9	28.6	7.9	10.0	-22.9	9.8	6.0
NR	US EQUITY & MTG	1067	3.02	1.20	JUL	0.99 9.00 X	10.6	28.6	9.1	13.3	198.0	32.8	9.6
GROUP AVERAGE		977	14.87	1.36		1.59 12.86	2.0	18.2	8.1	10.6	-13.5	10.7	84.2
PROPERTY TRUSTS-SUBOR LAND LEASEBACK													
↑1	ICM REALTY	3011	15.53	0.50	AUG	1.56 14.25	2.7	67.6	9.1	3.5	-8.2	10.0	42.9
2	JMB REALTY	510	19.71	2.12	MAY	2.16 19.00	0.0	24.6	8.8	11.2	-3.6	11.0	9.7
↑1	PROPERTY CAPITL	2065	13.75	1.52	OCT	1.52 14.88 X	-4.6	35.3	9.8	10.2	8.2	11.1	30.7
GROUP AVERAGE		1862	16.33	1.38		1.75 16.04	1.4	38.5	9.2	8.6	-1.8	10.7	83.3
PROPERTY & MTG COMBINATION													
3N	API TRUST	1012	8.28	0.00	SEP	0.50 ↑ 2.25	50.0	5.6	4.5	0.0	-72.8	6.0	2.3
3	BANKAMER RLTY	3547	17.28	1.20	OCT	0.92 16.75 X	8.3	61.4	18.2	7.2	-3.1	5.3	59.4
3N	BRT REALTY	1400	1.89	0.00	AUG	0.00 0.88	-12.0	-29.6	0.0	0.0	-53.4	0.0	1.2
1	CONN GENL M&R #	5817	20.55	2.00	SEP	2.38 23.38	1.7	29.9	9.8	8.6	13.8	11.6	136.0
2	FLATLEY RL INV#	1000	9.85	0.30	SEP	0.72 ↓ 6.00	9.1	60.0	8.3	5.0	-39.1	7.3	6.0
2	IRT PROPTY CO#	2330	12.52	0.60	SEP	1.32 9.75	-2.5	32.1	7.4	6.2	-22.1	10.5	22.7
2	MILLER(HS) TRST	560	18.78	1.40	AUG	1.60 17.50	-2.8	40.0	10.9	8.0	-6.8	8.5	9.8
1	MORTGAGE GROWH#	2645	11.91	1.00	AUG	0.89 8.88	1.5	29.1	10.0	11.3	-25.4	7.5	23.5
2	PACIFIC RLTY TR#	840	22.65	1.20	AUG	2.52 22.13	1.1	59.4	8.8	5.4	-2.3	11.1	18.6
2	PROPTY TR AMER#	2338	9.08	0.40	OCT	0.48 ↑ 7.75	26.4	67.4	16.1	5.2	-14.6	5.3	18.1
3	REALTY INCOME	1591	10.55	0.80	OCT	0.35 ↑ 7.75 X	-22.4	-29.5	22.1	10.3	-26.5	3.3	12.3
2N	RIVIERE REALTY#	783	11.83	0.00	SEP	0.00 5.50	-12.0	-5.5	0.0	0.0	-53.5	0.0	4.3
3	WELLS FARGO M&E	3946	18.14	1.40	SEP	1.65 14.88	8.2	30.8	9.0	9.4	-18.0	9.1	58.7
GROUP AVERAGE		2139	13.33	0.79		1.03 11.03	3.2	31.6	10.8	7.2	-17.3	7.7	372.9
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR													
2N	BAYSWATER RLTY	1043	18.54	0.00	OCT	2.73 ↑ 9.25	-2.6	23.3	3.4	0.0	-50.1	14.7	9.6
2	CENTRAL MTG&RLY	775	13.92	0.60	SEP	0.92 ↑ 9.75	2.6	90.1	10.6	6.2	-30.0	6.6	7.6
4	EQUIT LF MTG&RLY	5663	23.36	2.00	OCT	1.44 ↓ 15.38	4.3	-8.2	10.7	13.0	-34.2	6.2	87.1
3	FIRST CONTNL RE	2106	10.46	1.12	NOV	1.36 ↑ 8.25	11.8	3.1	6.1	13.6	-21.1	13.0	17.4
4	FRASER MTG	1038	16.57	1.12	AUG	1.08 9.75	2.6	-7.1	9.0	11.5	-41.2	6.5	10.1
3N	HANOVER SQ RLTY	946	11.17	0.00	MAY	0.00 6.25	4.2	-10.7	0.0	0.0	-44.0	0.0	5.9
3	LOMAS & NET MTG	3700	28.00	2.60	SEP	2.60 18.63	5.7	21.1	7.2	14.0	-33.5	9.3	68.9
3	M&T MORTGAGE	1482	10.58	1.60	NOV	1.80 ↓ 12.25 X	6.5	34.2	6.8	13.1	15.8	17.0	18.2
1N	MTG TRUST AMER	3860	14.14	0.00	AUG	0.67 7.00	7.7	16.7	10.4	0.0	-50.5	4.7	27.0
3	NATIONWIDE RE	1047	24.48	0.46	SEP	0.48 13.50	0.0	8.0	28.1	3.4	-44.9	2.0	14.1
2	WESTERN MTG	1003	8.24	0.20	AUG	0.03 3.38	12.7	0.0	112.7	5.9	-59.0	0.4	3.4
GROUP AVERAGE		2060	16.31	0.88		1.19 10.31	5.9	12.0	8.6	8.6	-36.8	7.3	269.3
LONG-TERM MTGS & PROPERTIES													
NR	DEL-VAL FIN CP*	1345	9.36	1.44	JUN	1.40 10.25 X	9.2	-2.4	7.3	14.0	9.5	15.0	13.8
1	HOSPITAL MTG #	1178	23.41	0.60	AUG	0.51 10.25	6.4	17.1	20.1	5.9	-56.2	2.2	12.1
1	MASSMUTUAL MTG	4670	19.76	1.48	OCT	1.72 ↑ 11.75 X	5.4	-6.0	6.8	12.6	-40.5	8.7	54.9
3	MONY MTG INV	8952	9.79	1.02	NOV	0.77 ↓ 8.50	11.4	11.4	11.0	12.0	-13.2	7.9	76.1
3	NW MUT LIFE MTG	4758	19.06	1.00	SEP	1.20 9.25	0.0	-7.5	7.7	10.8	-51.5	6.3	44.0
1	PACIF SOTHRN MT	800	12.39	1.32	SEP	1.31 ↑ 8.00	-4.5	16.3	6.1	16.5	-35.4	10.6	6.4
3	PNE MTG & RLTY	4759	17.41	1.08	SEP	0.00 8.88	1.5	-6.0	0.0	12.2	-49.0	0.0	42.3
4	REALTY REFUND	1377	17.31	1.44	OCT	1.44 10.50 X	-2.4	-19.2	7.3	13.7	-39.3	8.3	14.5
2	RLTY & MTG PAC	1890	18.34	1.60	NOV	1.72 ↓ 15.75	3.3	28.6	9.2	10.2	-14.1	9.4	29.8
2	UNITED RLTY TR	3610	17.63	1.00	AUG	0.96 9.63	4.1	18.5	10.0	10.4	-45.4	5.4	34.8
GROUP AVERAGE		3334	16.45	1.20		1.10 10.28	5.3	4.8	9.3	11.7	-37.5	6.7	328.7
MTG & FORECLOSED PROPERTY-MISC SPONSOR													
2N	BT MTG INVSTRS	2116	0.99	0.00	JUN	3.79 1.75	-6.9	40.0	0.5	0.0	76.8	382.8	3.7
2N	Y CMT INVESTMT TR	2030	2.96	0.00	SEP	0.00 1.63	-13.3	8.7	0.0	0.0	-44.9	0.0	3.3
3N	HEITMAN MTG INV	3292	1.44	0.00	SEP	0.03 1.88	0.0	36.2	62.7	0.0	30.6	2.1	6.2
1N	MISSION INV TR	1812	5.95	0.00	AUG	0.99 6.25	-10.7	35.0	6.3	0.0	5.0	16.6	11.3
3N	NORTH AMER MTG	6901	5.80	0.00	SEP	0.00 3.25	-7.1	18.2	0.0	0.0	-44.0	0.0	22.4
GROUP AVERAGE		3230	3.43	0.00		0.96 2.95	-8.6	28.2	3.1	0.0	-13.9	28.1	46.9

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RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)		
PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT)															
5N	AMER REALTY	OC-ARB	2222	3.14	0.00	JUN	0.10	2.75	-8.3	37.5	27.5	0.0	-12.4	3.2	6.1
2N	BAY COLONY PROP	NY-BAY	3315	6.27	0.00	AUG	0.00	6.75	3.8	68.8	0.0	0.0	7.7	0.0	22.4
3N	CITIZENS GROWTH	OC-CITGS	811	7.01	0.00	JUL	0.00	3.25	-7.1	18.2	0.0	0.0	-53.6	0.0	2.6
1	FRANKLIN RLTY	AS-FR	999	8.33	0.06	SEP	0.00	11.25	13.9	125.0	0.0	0.5	35.1	0.0	11.2
2N	INDIANA FCL INV	OC-IFII	1154	9.12	0.00	SEP	0.00	3.38	4.0	-3.4	0.0	0.0	-62.9	0.0	3.9
2N	KENILWORTH RLTY#	NY-KRT	2609	22.39	0.00	AUG	0.39	29.00	7.9	157.8	74.4	0.0	29.5	1.7	75.7
2N	SAUL (BF) REIT	NY-BFS	5893	4.33	0.00	SEP	0.00	7.00	5.6	9.7	0.0	0.0	61.7	0.0	41.3
1N	SECURITY MTG	AS-SMO	7412	5.86	0.00	SEP	0.12	3.50	11.8	3.6	29.2	0.0	-40.3	2.0	25.9
2N	US REALTY INV #	NY-UTY	3431	14.55	0.00	SEP	0.76	9.38	22.9	92.2	12.3	0.0	-35.5	5.2	32.2
1N	WALTER REALTY	OC-WALJS	1035	7.93	0.00	OCT	0.01	5.13	-2.3	10.8	513.0	0.0	-35.3	0.1	5.3
2	WISCONSIN REIT	OC-WREIS	1514	5.57	0.08	SEP	1.07	3.38 X	-14.5	107.4	3.2	2.4	-39.3	19.2	5.1
GROUP AVERAGE		2763	8.59	0.01		0.22	7.71	6.7	71.6	34.6	0.2	-10.3	2.6	231.7	
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT															
2N	ANRET INC	PH-ARET	509	20.46	0.00	AUG	0.00	9.88	19.8	-1.2	0.0	0.0	-51.7	0.0	5.0
4N	BUILD INV GRP	OC-BULDS	2929	1.08	0.00	SEP	0.87	2.50	14.2	5.0	2.9	0.0	131.5	80.6	7.3
2N	CAPITAL MTG	PH-CMU	1675	-0.87	0.00	SEP	0.00	1.13	264.5	28.4	0.0	0.0	-0.0	-0.0	1.9
5N	VJCITIZENS MTG	OC-CZM	1421	-14.06	0.00	JUN	0.22	0.25	0.0	0.0	1.1	0.0	-0.0	-0.0	0.4
1N	COMPASS INV GR	OC-CMPSS	3319	3.86	0.00	SEP	0.01	1.50	41.5	20.0	150.0	0.0	-61.1	0.3	5.0
4N	VJCONTINENTAL MTG	OC-CMI	20838	-5.94	0.00	APR	0.70	0.32	14.3	68.4	0.5	0.0	-0.0	-0.0	6.7
2N	DIVERSIFIED MTG	NY-DMG	7326	8.00	0.00	SEP	0.00	4.75	2.6	30.9	0.0	0.0	-40.6	0.0	34.8
3N	VJDOMINION MGR	OC-DMRTS	639	-9.06	0.00	AUG	0.82	1.38	10.4	56.8	1.7	0.0	-0.0	-0.0	0.9
1N	EASTOVER CORP	OC-EASTS	1034	16.19	0.00	SEP	2.96	12.25	0.0	63.3	4.1	0.0	-24.3	18.3	12.7
2N	FIRST CARO INV	OC-FCARS	1510	14.44	0.00	SEP	0.00	6.38	-1.8	-21.5	0.0	0.0	-55.8	0.0	9.6
2N	FIRST MTG INVST	OC-FMTGS	8495	-3.70	0.00	JUL	2.01	1.38	30.2	119.0	0.7	0.0	-0.0	-0.0	11.7
2N	FIRST NEWPRIT CP	OC-FNEW	2339	3.66	0.00	JUL	0.15	2.00	-16.0	44.9	13.3	0.0	-45.4	4.1	4.7
3N	FIRST VIR REIT	OC-FVM	1208	8.47	0.00	SEP	0.51	3.25	3.8	135.5	6.4	0.0	-61.6	6.0	3.9
2N	GREAT AMER M&I	OC-GAMI	7372	-0.21	0.00	JUL	0.00	3.00	0.0	689.5	0.0	0.0	-0.0	-0.0	22.1
2N	GROWTH REALTY	NY-GRW	2059	6.74	0.00	SEP	0.00	5.38	22.8	34.5	0.0	0.0	-20.2	0.0	11.1
3N	VJGUARDIAN MTG	PH-GMI	3000	-11.72	0.00	AUG	0.74	1.19	19.0	112.5	1.6	0.0	-0.0	-0.0	3.6
3N	HAMILTON INV TR	OC-HAMTS	2175	5.27	0.00	SEP	0.00	2.75	-4.5	37.5	0.0	0.0	-47.8	0.0	6.0
2N	HOMAC-BARNES	OC-HOMC	1910	9.02	0.00	JUN	0.00	1.75	-6.9	-6.9	0.0	0.0	-80.6	0.0	3.3
3N	INSTITUTIONAL INV	NY-INV	6798	1.19	0.00	JUL	0.00	1.13	13.0	-43.5	0.0	0.0	-5.0	0.0	7.7
2N	KENTUCKY PROPTY	OC-KMTGS	1100	3.24	0.00	AUG	0.02	2.00	-6.1	-6.1	100.0	0.0	-38.3	0.6	2.2
5N	Y LIFETIME COMMUN	OC-LFTMS	6666	3.10	0.00	JUL	0.16	0.88	17.3	39.7	5.5	0.0	-71.6	5.2	5.9
2N	LINCOLN MTG	OC-LMNGS	1155	0.72	0.00	JUN	0.00	3.13	4.3	66.5	0.0	0.0	334.7	0.0	3.6
1N	MARYLAND REALTY	OC-MDRTS	760	8.29	0.00	AUG	0.00	2.88	-4.0	-9.4	0.0	0.0	-65.3	0.0	2.2
3N	Y METROPLEX RLTY	OC-JMI	11840	0.95	0.00	JUN	0.05	0.50	0.0	31.6	10.0	0.0	-47.4	5.3	5.9
2N	MIDLAND MTG	NY-MMT	2382	1.90	0.00	SEP	1.48	4.00	38.9	128.6	2.7	0.0	110.5	77.9	9.5
1N	MORAGA CORP	OC-MORA	1355	8.13	0.00	JUL	0.24	5.88	6.9	87.9	24.5	0.0	-27.7	3.0	8.0
4N	MTG INV WASH	OC-MINVS	2146	4.57	0.00	SEP	0.78	2.25	-5.5	28.6	2.9	0.0	-50.8	17.1	4.8
4N	Y NATIONAL MTG	OC-NMF	3707	2.18	0.00	AUG	0.01	0.63	0.0	-13.7	63.0	0.0	-71.1	0.5	2.3
3N	NEWCORP INC	NY-NWC	3854	0.39	0.00	AUG	0.00	2.88	-4.0	9.5	0.0	0.0	638.5	0.0	11.1
3N	Y NJB PRIME INV	OC-NJBSS	1850	4.43	0.00	AUG	0.50	4.75	58.3	375.0	9.5	0.0	7.2	11.3	8.8
1N	PARKWAY COMPANY	OC-PGWYS	1055	7.79	0.00	SEP	0.00	4.75	-5.0	58.3	0.0	0.0	-39.0	0.0	5.0
4N	PLAZA REALTY	OC-PRISS	1114	0.68	0.00	JUN	0.00	0.88	-41.3	0.0	0.0	0.0	29.4	0.0	1.0
3N	REPUBLIC MTG	NY-RMI	2107	2.90	0.00	SEP	0.00	1.63	8.7	18.1	0.0	0.0	-43.8	0.0	3.4
2N	SO ATLANTIC FIN	NY-SAT	2706	3.73	0.00	JUL	1.05	3.50	0.0	16.7	3.3	0.0	-6.2	28.2	9.5
1N	TIERCO	OC-TIERS	2355	6.97	0.00	SEP	0.04	3.63	-6.4	38.0	90.8	0.0	-47.9	0.6	8.5
2N	TRECO INC	OC-TREC	2367	1.74	0.00	SEP	0.11	1.50	14.5	41.5	13.6	0.0	-13.8	6.3	3.6
4N	UMET TRUST	NY-UAT	2109	-0.22	0.00	AUG	0.00	2.63	10.5	39.9	0.0	0.0	-0.0	-0.0	5.5
2N	WESTPORT COMPNY	OC-WSPTS	2388	6.12	0.00	OCT	1.61	3.31	-2.1	35.7	2.1	0.0	-45.9	26.3	7.9
GROUP AVERAGE		3410	3.17	0.00		0.40	2.99	6.4	34.2	7.6	0.0	-5.5	12.5	267.1	
MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR															
3N	AMER FLETCHER M	OC-AFM	1352	1.54	0.00	OCT	0.28	1.63	0.0	0.0	5.8	0.0	5.8	18.2	2.2
2N	CAMERON-BROWN	NY-CB	2016	9.60	0.00	SEP	0.01	3.88	6.9	47.5	388.0	0.0	-59.6	0.1	7.8
5N	VJCHASE MAN MTG	OC-CMR	5267	-5.49	0.00	AUG	0.37	0.63	-16.0	26.0	1.7	0.0	-0.0	-0.0	3.3
NR	CITINATL DEV	OC-N/A	600	13.27	0.00	SEP	0.04	9.00	0.0	20.0	225.0	0.0	-32.2	0.3	5.4
3N	CITZNS&SO RLTY	NY-SM	6520	2.07	0.00	SEP	0.01	1.50	-8.0	32.7	150.0	0.0	-27.5	0.5	9.8
1	CLEVETRUST RLTY	OC-CTRS	2525	10.77	0.20	JUN	0.15	7.00 X	6.3	86.7	46.7	2.9	-35.0	1.4	17.7
1N	FIDELCO GROWTH	AS-FGI	1580	9.70	0.00	AUG	1.82	4.38	-2.7	6.1	2.4	0.0	-54.8	18.8	6.9
2N	FIRST DENVR MTG	OC-FDENS	1621	5.41	0.00	SEP	0.00	2.25	-18.2	5.6	0.0	0.0	-58.4	0.0	3.6
2N	FIRST MEMPH RLTY	OC-FMEMS	1156	6.29	0.00	AUG	0.00	4.38	-2.7	59.3	0.0	0.0	-30.4	0.0	5.1
4N	FIRST PENN MTG	NY-FPM	2961	0.98	0.00	OCT	0.00	1.63	0.0	8.7	0.0	0.0	66.3	0.0	4.8
3N	FIRST WISC MTG	OC-FWMTS	1988	5.43	0.00	SEP	0.00	6.38	-10.5	121.5	0.0	0.0	17.5	0.0	12.7
4N	INDEPENDENCE MT	OC-INTGS	2625	3.60	0.00	SEP	7.37	2.63	0.0	163.0	0.4	0.0	-26.9	204.7	6.9
2N	TRI-SOUTH MTG	NY-TSI	2903	5.73	0.00	SEP	0.27	2.88	-4.0	28.0	10.7	0.0	-49.7	4.7	8.4
2N	WACHOVIA RLTY	NY-WRI	3335	9.34	0.00	NOV	0.46	5.50	7.2	41.8	12.0	0.0	-41.1	4.9	18.3
GROUP AVERAGE		2604	5.59	0.01		0.77	3.83	-1.5	42.5	5.0	0.4	-31.4	13.8	112.9	
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS															
3N	AMER CENTURY MI	NY-ACT	2607	5.54	0.00	SEP	0.39	5.38	16.2	71.9	13.8	0.0	-2.9	7.0	14.0
3N	CI MTG GROUP	PH-CI	4812	6.84	0.00	JUL	0.44	6.38	13.3	112.7	14.5	0.0	-6.7	6.4	30.7
2N	GMR PROPERTIES	NY-GMR	2957	2.29	0.00	AUG	0.00	2.13	0.0	13.3	0.0	0.0	-7.0	0.0	6.3
3N	IDS REALTY	OC-IDR	2409	6.97	0.00	JUL	0.81	3.25	-3.8	135.5	4.0	0.0	-53.4	11.6	7.8
2N	STATE MUTUAL IN	NY-SMU	2786	9.46	0.00	SEP	0.35	4.50	5.9	2.7	12.9	0.0	-52.4	3.7	12.5
GROUP AVERAGE		3114	6.22	0.00		0.40	4.33	8.1	57.2	10.9	0.0	-30.4	6.4	71.3	
PREFERRED STOCK & REIT FUNDS															
NR	CMT INV TR-PFD	OC-CMTIP	2149	7.50L	0.00	SEP	0.00	1.75	-12.5	-26.5	0.0	0.0	-76.7	0.0	3.8
NR	CYPRUS CORP	AS-CYC	1425	1.33N	0.00	OCT	0.00	2.63	10.5	31.5	0.0	0.0	97.7	0.0	3.7
NR	CYPRUS-PFD	AS-CYCP	660	21.15C	1.70	----	0.00	13.25	-1.0	-3.6	0.0	12.8	-37.4	0.0	8.7
NR	RET INCOME	AS-RET	3794	3.60N	0.00	SEP	0.17	3.38	4.0	69.0	19.9	0.0	-6.1	4.7	12.8
NR	RET-\$4.38 PFD	AS-RETPR	575	51.63C											

CONVERTIBLE DEBENTURES

STRAIGHT BONDS

DEBENTURE	EX	INT (%)	MAT	CONV AT	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE	ISSUER & DESC.	EX	INT.	MATURITY	MIL \$	PRICE	% CHANGE	% YIELD
ALAMAND CORP	OC	6.50	'91F	27.75	50.00	13.0	0.0	13.87	5.88	BAY COLONY PROP-B	PS	8.50	3/15/89	15.2	65.00	0.0	13
AMER CENTURY	AS	7.00	'90	17.12	57.25	12.2	-2.9	9.80	5.38	BAY COLONY PROP-C	NY	8.50	3/31/81F	6.8	89.63	-0.3	9
AMER CENTY'B	NY	6.75	'91	23.86	62.00	10.9	6.9	14.79	5.38	BT MTG INV-C	OC	5.75	1/15/82	19.4	68.00	2.3	8
AMER REALTY	OC	7.00	'84F	10.40	70.00	DEF	2.9	7.28	2.75	CHASE MAN TR-A	OC	7.88	5/1/78F	36.7	83.00	3.8	VJ
BANKAMERICA	OC	6.75	'90	21.00	78.00	8.7	6.8	16.38	16.75	CHASE MAN TR-C	OC	7.50	2/1/83	41.2	47.00	9.3	VJ
BAYSWATER	OC	6.75	'91	21.00	53.00	12.7	-8.5	11.13	9.25	CITIZN & SO RLY-CD#	PS	3.00	6/30/93	2.4	70.00	7.7	4
CAPITAL MTG	OC	6.50	'91	33.00	48.00	13.5	6.7	15.84	1.13	CITIZNS MTG INV-B	OC	8.50	4/15/80	20.0	31.00	3.3	VJ
CHASE MANHTN	OC	6.50	'96F	55.00	47.00	VJ	9.3	25.85	0.63	CMEI-C	NY	6.50	3/1/82F	30.0	69.50	5.5	9
CHASE MANHTN	OC	11.63	'97	2.25	47.00	VJ	9.3	1.05	0.63	DOMINION MTG-C	OC	8.00	10/31/87	11.0	65.00	12.1	VJ
COMPASS GP	OC	8.25	'98F	1.35	119.00	6.9	6.3	1.60	1.50	FIRST MTG INV-A	OC	6.75	12/15/82	7.7	76.00	1.3	8
CONN GENERAL	NY	6.00	'96	32.50	76.00	7.9	2.7	24.70	23.38	FIRST VA MTG-A	OC	4.00	11/1/80	14.9	79.00	5.3	5
CONTNL MTG	OC	6.25	'90	19.79	39.00	VJ	5.4	7.71	0.32	FIRST VA MTG-BM	OC	12.00	11/1/80	5.0	85.00	2.4	14
EQUITBL LF M	NY	6.75	'90	26.25	70.00	9.6	-6.6	18.37	15.38	GMR PROPERTIES-B	AS	7.70	2/1/80	4.2	99.00	1.5	7
FIRST NEWPR	OC	6.75	'91F	27.50	50.00	13.5	19.0	13.75	2.00	GMR PROPS-B	PS	8.50	12/31/87	15.3	69.00	-1.3	12
FIRST PENN M	OC	6.75	'91F	8.65	48.00	14.1	0.0	4.15	1.63	GREAT AMER MGMT-B	OC	3.00	8/1/90	15.0	45.00	0.0	6
FIRST UNION	NY	8.75	'99	18.00	96.00	9.1	2.1	17.28	15.13	GREAT AMER MGMT-C	OC	1.10	8/1/91	8.7	43.00	4.9	2
FRANKLIN RLY	AS	7.00	'89	10.00	115.00	6.1	14.7	11.50	11.25	GROWTH RLY-C	NY	6.75	4/15/82	9.2	76.13	1.0	8
HANOVER SQ R	AS	7.25	'92	21.00	64.00	11.3	-5.8	13.44	6.25	GUARDIAN MTG-B	PH	7.50	12/1/79F	25.0	51.00	2.0	VJ
HEITMAN MTG	AS	7.50	'92	14.70	61.00	12.3	-3.8	8.96	1.88	GUARDIAN MTG-C	PH	6.75	7/15/86F	8.6	37.00	2.8	VJ
HOTEL INVSTR	OC	7.75	'90	21.00	88.00	8.8	0.0	18.48	19.13	IDS REALTY-H	OC	-----	-----	86.0	63.00	-3.0	NC
HOTEL INVSTR	OC	7.50	'91	25.25	74.00	10.1	-0.6	18.68	19.13	INST INVESTOR-B	OC	8.25	2/1/87	15.2	58.00	1.8	14
LINCOLN MTG	OC	8.00	'90	11.00	60.00	13.3	11.1	6.60	3.13	INSTIIN INV-B	NY	7.88	2/1/80F	5.5	92.00	8.2	8
MASSMUTL MTG	NY	6.75	'90	21.00	67.75	10.0	-11.3	14.22	11.75	METROPLEX-B	OC	7.75	2/1/79F	9.6	73.00	1.4	0
MASSMUTUAL M	NY	6.25	'91	33.50	65.13	9.6	5.0	21.81	11.75	MIDLAND MTG-B	NY	8.00	3/1/80	14.6	97.00	2.6	8
MIDLAND MTG	OC	7.00	'86	16.67	52.00	13.5	2.0	8.66	4.00	MTG INV WASH-BG	OC	12.00	11/1/80	15.0	85.00	1.2	14
MONY MTG IN	NY	7.00	'90	11.00	85.00	8.2	4.3	9.35	8.50	NATIONWIDE RE-C	OC	7.00	1/1/91	6.5	62.00	3.3	11
MTG INV WASH	OC	8.00	'90	15.00	60.00	13.3	13.2	9.00	2.25	NO AMER MTG-B	PS	8.50	11/15/87	12.1	62.00	0.0	13
NOWSTRN MUTL	NY	6.00	'91	21.00	64.00	9.4	-9.8	13.44	9.25	REALTY REFUND	NY	11.38	11/15/98	20.0	88.75	0.9	12
PAC REAL TR	AS	7.00	'92	26.25	89.50	7.8	1.7	23.49	22.13	REALTY REFUND-C	NY	12.00	5/15/98	15.0	88.75	1.4	13
PNB MTG	AS	6.75	'91	20.00	60.00	11.3	5.3	12.00	8.88	SAUL (B.F.)-C	NY	8.50	2/1/80	25.0	98.28	1.8	8
PNB MTG & RL	NY	6.75	'82	20.00	83.63	8.1	2.6	16.72	8.88	SECURITY MTG	AS	7.25	5/1/82	35.0	87.00	1.6	8
RAM PACIFIC	OC	6.75	'91	21.00	70.00	9.6	4.5	14.70	15.75	SECURITY MTG-C	OC	6.00	6/15/82	5.3	70.00	0.0	8
REALTY INCOM	AS	8.00	'91	18.00	60.00	13.3	-16.9	10.80	7.75	SO ATLANTIC-C#	NY	6.75	2/15/82F	16.9	74.88	-3.6	9
REPUBLIC MI	NY	9.00	'90	19.00	94.63	9.5	-4.0	17.97	1.63	STATE MUT INV-B	NY	9.00	11/15/80F	6.2	93.00	-4.0	9
SAUL (BF) RL	OC	6.50	'91	23.00	57.50	11.3	3.6	13.22	7.00	TRECO-C	OC	6.75	9/1/91	5.3	50.00	11.1	14
SAUL(BF) REI	OC	8.00	'90	15.50	74.00	10.8	4.2	11.47	7.00	TRI-SOUTH MTG-B	NY	7.75	2/15/80F	11.4	97.00	4.6	8
STATE MUTUAL	AS	6.75	'91	21.00	66.50	10.2	-1.7	13.96	4.50								
TRECO	OC	8.50	'98	1.62	98.00	8.7	3.2	1.58	1.50								
TRI-SO / SR	PH	10.00	'88	2.50	123.00	8.1	2.5	3.07	2.88								
TRI-SOUTH MI	NY	7.00	'92F	29.50	50.00	14.0	2.0	14.75	2.88								
US REALTY IN	NY	5.75	'89	20.20	62.13	9.3	11.9	12.55	9.38								
WESTPORT CO	OC	6.75	'91	21.00	54.00	12.5	3.8	11.34	3.31								

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. DEF=IN DEFAULT. PH=PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE.

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. D-3% TO 9/30/82, 7% AFTER. M-VARIABLE AT 1 1/2% OVER MONTHLY PRIME. G-VARIABLE AT 1 1/4% OVER PRIME IN OCT. AND APRIL. H-FIVE SERIES. A-E: 6-7/8%, 7-1/8%, 7-3/8%, TWO VARIABLE; 1987-94. VJ-BANKRUPTCY REORGANIZATION. X-SUSPENDED BY EXCHANGE. DEF=IN DEFAULT. #MAY BE USED AT PAR TO EXERCISE WARRANTS. F-TRADES FLAT, WITHOUT ACCRUED INTEREST.

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of qualified real estate investment trusts, displayed on page 4, and formerly qualified trusts and corporations, displayed on page 5. Only historical data, or annualizations of latest quarterly data, are used and thus results should not be read as estimates or projections. Investors are advised to consider carefully the following distinctive characteristics of REIT stocks compared with other industrial or financial securities:

Annualized Dividend and Yield: Most qualified REITs do not pay a posted regular annual dividend rate but instead pay their approximate earnings (or net cash flow) for each quarter. They do this because REITs are required to pay 90% (95% beginning 1980) of earnings to shareholders in order to qualify for exemption from Federal income taxes. This means that REIT dividends will vary from quarter to quarter much more than for industrial companies; The Wall Street Journal recognizes this variability by reporting most REIT dividends as "irregular." The outlook and stability of dividends are thus key factors in RTR's RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusting for any capital gains or special payouts. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to continue in subsequent quarters. For these reasons annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarterly earnings are multiplied by four. Zeroes indicate losses or no earnings for the indicated quarter. Losses per share are however shown in the monthly Earnings Trend summary and in

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
CI MTG	PH-CI.W	3/80	2854	20.00	1.0	0.01	6.38	213.6	0.0	0.0
CITIZNS&SO-B*	PS-N/A	4/83	208	2.00	50.0	13.63	1.50	51.5	2.9	2.8
FLATLEY RLY	O-FLTLW	5/80	1000	10.00	1.0	0.38	6.00	73.0	0.0	0.4
HQMAC-BARNES	O-HQMCW	12/82	1910	20.00	1.0	0.02	1.75	1044.0	0.0	0.0
JMB REALTY	O-JMBRW	8/82	510	20.00	1.0	2.50	19.00	18.4	25.0	1.3
M&T MTG INV	O-MTMIZ	8/80	747	13.00	1.0	0.63	12.25	11.3	26.0	0.5
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.03	2.25	568.0	0.0	0.0
NEWCORP	A-NWCW	2/82	740	24.63	1.0	0.25	2.88	763.9	-34.1	0.2
PNB MTG(B)	A-SUTW	6/82	700	20.00	1.0	0.63	8.88	132.3	-8.6	0.4
SAN FRAN REI	A-SFIW	12/80	1348	25.00	1.0	1.88	23.88	12.6	36.2	2.5

*DEBENTURES USABLE IN LIEU OF CASH.

WTS PRICE OF .01 INDICATES TRADING IN MILLS.

NOTE: BUYERS ARE CAUTIONED THAT SPREADS BETWEEN BID AND ASKED PRICES FOR WARRANTS ARE VERY LARGE AND PRICES MAY VARY SIGNIFICANTLY.

RELATIVE APPEAL RANKINGS. Non-recurring items such as asset swap gains, reversals of loss reserves, etc., are not annualized for mortgage and mortgage/foreclosed property trusts.

For property or equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings if the trust uses cash flow as the basis for dividend payments. Net cash flow is defined as net income plus depreciation minus mortgage amortization, and net cash flow trusts are designated with the symbol "#" beside their names. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used and is denoted as "*". Both earnings (EPS) and net cash flow (CFS) per share for these equity trusts are shown in RELATIVE APPEAL RANKINGS.

Book value per share is essentially tang-

ible net worth per share after deducting intangible items such as unamortized debt discount and expenses, goodwill, etc. Book value does not reflect any appreciation in asset values but does reflect deduction of a reserve for possible investment losses computed under AICPA rules. Accumulated depreciation is added back to net book value for cash flow trusts (denoted "#") - see above) as a means of approximating market value of properties. Components of this adjusted book value are reported in RELATIVE APPEAL RANKINGS.

Shares used in the statistics are the actual number of shares outstanding as of the latest balance sheet date and do not reflect potential dilution from debenture conversion, warrant exercise, or other common equivalent shares which may have been used in computing earnings per share.

EARNINGS TRENDS: LEVERAGE PLUS MATURITY BOOST PROPERTY CAPITAL & ICM TO NO. 1

Property Capital Trust's earnings moved up 6% in the October quarter to 38¢/sh., the fourth quarterly boost running since PCT broke out of a box after earning 30¢/sh. for 13 straight quarters. PCT's dividend also stepped up to 38¢, or a \$1.52 annual rate and the shares yield slightly over 10% on the current \$14.88 quote.

Because we think this may be only the beginning of a long string of gains to come, we're moving PCT shares to No. 1 Ranking effective this issue. And because we think the same forces benefitting PCT will help other land/leaseback trusts, we're moving ICM Realty to No. 1 Ranking as well.

Both trusts began as institutional private placements; both specialized in subordinated financing, mainly through land purchase/leasebacks or second mortgages, the latter making up about half of PCT's \$44 million invested assets at Oct. 31. Such subordinated financing gives both trusts a leveraged interest in far more real estate than shows on their balance sheets. That leverage spells risk when real estate markets sour -- and it spells opportunity in the good times such as now.

Look carefully at Property Capital: its \$44 million invested assets are subordinated to \$190 million prior first mortgage financing -- meaning PCT has a stake in \$234 million of real estate assets. PCT's \$28.4 million shareholders' equity thus carries a stake in \$205.6 million of additional assets, or a true leverage of 7½-to-1. Put another way, PCT's \$13.75/sh. book equity lets the holder share in income from \$99.50/sh. worth of assets. Because of this leveraged position, PCT's land leaseback or subordinated mortgage often equals the rent rolls from the property.

That's important because PCT's subordinated financing generally yields the trust 10-12% on cash investment plus 15% of rental increases above the base or

first year. If rents rise, as they are now doing, overage income starts flowing directly to PCT's bottom line. Overages added a net 38¢/sh. to PCT's July 1979 income of \$1.34/sh. -- a hefty 28% of income. They produced another 12¢/sh. in the Oct. quarter. In essence, all that leverage is paying off as PCT's properties mature and become solid earners.

Exactly the same thing is happening at ICM Realty, which is recovering from a somewhat deeper dip caused by problem properties. ICM's percentage rents rose 73% in the nine months thru August and generated 30¢/sh. or 39% of its income. With problem investments receding, ICM thus stands to benefit from these dynamics. But since ICM owes \$9.2 million to banks, gains may be moderated slightly. ICM pays only annual dividends, and so we're betting payout for the Nov. 1979 year will about double last year's 50.3¢.

Both also stand to benefit from the key position they hold in properties which effectively precludes sale or re-financing without their consent. If the owner wants to sell, the new buyer often must buy out PCT or ICM at handsome profits. A current example, which may not be typical, illustrates: PCT has agreed to sell its \$1.1 million leaseback on an apartment for \$9.0 million -- or a gain of \$7.8 million or \$3.78/sh. net of costs assuming a tax-free exchange is worked out. The sale is conditional on the buyer getting approval for condo conversion, so it may not close. But if and when it does, PCT will have \$7.8 million to re-invest -- potentially yielding about 38¢/sh. if PCT can net 10%. The leaseback nets only 8¢/sh. now, so the current \$1.52/sh. earnings rate could easily go to \$1.82 with no help from leverage or property maturity.

Property Capital recently estimated its true book value at about \$23.62/sh. That's frosting to us: the ability to generate higher income is the reason we see these trusts as No. 1 Ranking.

Realty trust earnings reports during the last month continue to illustrate the basic strength of

New Earnings & Dividend Reports

Trust-Period ended	Th.\$/Spec.1#	Latest quarter EPS/Spec.1#	Prev. Q EPS/Spec.1#	-Yr.AgoQ- EPS/Spec.1#	-% Chng. From Prev.Q	-% Chng. From Yr.ago Q
Quarterly results: Qualified REITs:						
BankAmerica Rlty.Oct....	835/48R	0.23/1cR	0.34/6cG	0.32/6cR	-21	-15
Del Val Fincl..Sep....	468/2C	0.35/N11	0.35	0.32/3cUC	UC	+21
Equit. Life Mgt.Oct....	2,059/266U	0.36/5cU	0.52/5cU	0.51	-34	-39
First Contntl..Nov....	712	0.34	0.32	0.27	+6	+26
Flatley Rlty..Sep-EPS	112	0.11	0.17/7cB	0.10	+10	+10
" " " " " " " "	176	0.18	0.20/7cB	0.15	+38	+20
Florida Gulf..Oct....	231/23G	0.23/2cG	0.23/2cG	0.16	UC	+31
General RE....Sep-EPS	450/376G	0.81/68G	0.23	0.13/d1cG	-34	-5
" " " " " " " "	492/376G	0.89/68G	0.32	0.21/d1cG	-34	-5
Hanover Square..Aug....	60	0.06	d0.03	0.05	Better	+20
Hubbard REI....Oct....	3,243	0.81	0.46	0.47	+76	+72
MAT Mortgage..Nov....	666	0.45	0.45	0.32	UC	+41
MassMutual Mgt.Oct....	2,020	0.43	0.37/1cT	0.36/2cT	+19	+26
MONY Mgt....Nov....	3,678/2,616G	0.41/29cG	0.23/5cG	0.17	-33	-29
Pacific-Sthrn..Sep....	489/304Y	0.61/38cY	0.31/9cY	0.19	+5	+21
RE Inv. Props..Sep-EPS	307	0.32	0.31	0.30/10cG	+6	+90
" " " " " " " "	358	0.37	0.37	0.36	UC	+3
REIT of Amer..Nov....	849/20G	0.53/1cG	0.43/3cG	0.44	+30	+18
Rly. & Mgt. Pac.Nov....	803	0.43	0.45	0.38	-4	+13
Realty Inc. Tr.Oct....	558/663G	0.35/42cG	d0.30	3.32/3.94G	Better	Better
University RE..Sep-EPS	867/962G	0.35/39cG	d0.03/7cG	N11	Better	Worse
" " " " " " " "	1,053/962G	0.42/39cG	0.11/7cG	0.09	-25	-67

Quarterly results: Nonqualified trusts & corps:						
ANRET Inc.....Aug....	d666	d1.31a	d0.24a	d0.03a	Worse	Worse
Amer. Fletcher.Oct....	382/631VR	0.28/46cVR	d0.11	d0.04/d1cS	Worse	Worse
Baywater.....Jul....	227/2,275G	0.22/2.18G	0.35	d0.23/5cG	Worse	Worse
" " " " " " " "	2,852/3,650G	2.73/3.50G	0.22/2.18G	d0.01	Better	Worse
Builders Inv..Sep....	2,538/3,808S	0.87/30cS	M11/83cS	d0.20/2.62S	Better	Worse
Citizens Mgt..Dec....	3,760/6,053Y	2.45/4.26Y	d1.43	d0.56	Better	Better
" " " " " " " "	309	0.22	0.25	d0.45	-12	Better
First Denver..Sep....	d3356/d1651NS	d2.07/d1.02NS	0.07/3cNS	0.71/31cNS	Worse	Worse
First Penn....Oct....	d808	d0.27	d0.09/20cS	1.17/2.30S	Better	Better
First Virginia.Sep....	614/328	0.51/27cN	0.50/28cGN	0.47/44cGN	-8	+700
Franklin Rly..Sep....	d6	d0.01	0.14/4cML	0.01	Worse	Worse
Grt. Amer. M&I.Jul....	d442/737G	d0.06/10cG	0.38/28cGN	0.38	Worse	Worse
Independence..Jun....	889/948SN	d0.03/36cSN	0.05/3cN	0.11	Worse	Worse
Kentucky Prop..Aug....	25/10N	0.02/1cN	d0.20/8cN	d0.06	-92	Better
Lincoln Mgt..Sep....	d179	d0.16	d0.19	d0.04/21cG	Better	Better
Midland Mgt..Sep....	3,533/1,620NT	1.48/68cNT	0.20	0.05	+300	+1500
Mgt. Inv. Wash.Sep....	1,671/2,111G	0.78/98cG	0.02/18cG	d0.22	Worse	Better
B.F. Saul REIT.Sep..d2,131/42G	d0.36/36cN1G	d0.12	0.22/37cG	d0.20/7cG	Worse	Worse
Security Mgt..Sep....	917	0.12	0.13/20cGN	d0.03	Better	Better
U.S. Realty....Sep-EPS	666	0.19	d0.01	d0.06	Better	Better
" " " " " " " "	5/2N	0.005	0.31/47cGN	0.27/42cGN	Better	Better
Wachovia Rlty..Nov....	1,522	0.46	d0.15	d0.60/6cG	Better	Better
Walter Realty.Oct....	3,842/3,688SG	1.61/1.54SG	d0.05	0.34/38cS	Better	Better
Westport Co....Oct....	3,842/3,688SG	1.61/1.54SG	d0.05	0.34/38cS	Better	Better

Annual results: All trusts & corps:						
ANRET Inc.....Aug....	d1.035	d2.03a	0.53/75cRNa	---	Worse	Worse
Baywater.....Jul....	21/2,275G	0.25/2.18G	1.72/5.98S	---	Better	Better
Builders Inv..Sep....	2,890/8,198S	1.01/2.80S	d3.87	---	-14	---
Citizens Mgt..Dec....	2,114/6,053Y	1.49/4.26Y	3.14/2.73NS	---	Worse	---
Equit. Life Mgt.Oct....	10,602/882U	1.87/16cU	1.99	---	+18	---
First Denver..Sep....	d2,535/d235NS	d1.56/d76cNS	d0.06	---	Better	---
Hubbard REI....Oct....	8,617	2.15	1.82	---	Better	---
Grt. Amer. M&I.Jul....	7,058/6,160GN	1.61/1.24GN	d0.06	---	Better	---
Hanover Square..Aug....	d64	d0.07	0.46/71cGT	---	Better	---
Independence..Jun....	187/1,430SN	0.03/57cSN	d0.01	---	+7	---
MassMutual M&I.Sep....	2,153/367T	1.53/8cT	1.47/11cT	---	+61	---
REIT of Amer..Nov....	4,445/2,986G	2.72/89cG	1.70/40cG	---	+27	---
Rly. & Mgt. Pac.Nov....	3,304/381G	1.75/20cG	d0.47/40cG	---	Better	---
B.F. Saul REIT.Sep..d2,761/2,366G	d0.47/40cG	0.31	d0.18	---	Better	---
Security Mgt..Sep....	2,206	0.31	d0.18	---	Better	---

Dividend declarations:						
Record date	Latest	Quarterly dividend/share--	Year-ago	Prev.Q	Yr.ago	-% Chng. From
BankAmerica Realty.....11/30	0.30	0.30	0.25	UC	+20	---
Consol. Capital.....12/17	0.19M	0.19M	0.1717M	UC	+6	---
Del Val Financial.....11/19	0.12M	0.12M	0.115M	UC	+4	---
" " " " " " " "	0.12M	0.12M	0.115M	UC	+4	---
Federal Realty.....12/24	0.35	0.35	0.34	UC	+3	---
First Continental.....12/31	0.32	0.30	0.27	+7	+19	---
First Union Realty.....1/18	0.28	0.28	0.28	UC	UC	---
Fraser Mortgage.....1/1	0.40	0.39	0.39	+3	+3	---
General Growth Props.....1/4	0.44	0.43	0.38	+2	+6	---
Hubbard REI.....12/21	0.40	0.40	0.30	UC	+33	---
MAT Mortgage.....12/24	0.37	0.35	0.34	+6	+9	---
MassMutual M&R.....12/12	0.23+10c ext.	0.23	0.23	UC	UC	---
MONY Mortgage.....12/31	0.25	0.24	0.18	+4	+39	---
Mortgage Growth Inv.....12/28	0.07M	0.07M	0.06M	UC	+17	---
New Plan Realty.....12/14	0.075M	0.07M	0.06M	UC	+17	---
" " " " " " " "	0.30	0.25	0.20	+7	+25	---
Pacific Realty.....12/28	0.42	0.30	0.18	+40	+133	---
Pacific-Southern.....11/19	0.95S	0.825S	0.725S	+15	+31	---
Penn REIT.....1/31	0.38	0.36	0.30	+6	+27	---
Property Capital.....11/30	0.10	0.10	0.08	UC	+25	---
Property Trust Amer.....11/16	0.32	0.32	0.27	UC	+19	---
Real Est. Inv. Props.....1/1	0.40+45c ext.	0.40	0.30+20c ext.	UC	+33	---
REIT of America.....1/17	0.20	0.35	0.35	-43	-43	---
Realty Inc. Tr.....12/6	0.40	0.35	0.35	+14	+14	---
Realty & Mgt. Pac.....12/31	0.40	0.45	0.40	UC	+13	---
Terrydale Realty.....11/26	0.40	0.25	0.28	+60	+43	---
U.S. Equity.....12/18	0.53	0.53	0.47	UC	+13	---
Washington REIT.....12/5	0.35	0.35	0.30	UC	+17	---
Wells Fargo M&E.....2/1	0.35	0.35	0.35	UC	UC	---
" " " " " " " "	0.35	0.35	0.35	UC	UC	---

Trusts reducing dividends underlined. S=Semianual dividend. M=Monthly dividend. UC=Unchanged. NM=Not meaningful. R=Restated. P=Preliminary. d=Deficit. a=Adjusted. #=Special items included in both thousand dollar and share amounts are: G=Gain on sale of assets; I=Interest forgiveness; L=Loss on sale of assets; N=Net operating loss (NOL) benefit or charge; R=Recovery of past-due interest or prepayment fees; S=Swap of assets with banks; T=Gain on market purchase of debt at discounts; U=Gain (loss) on mortgage re-financing; X=Settlement with adviser, sponsor, insurance company, or litigation with borrower; Y=Loss reserve credit; Z=Gain on debt restructuring via exchange or tender offers; B=Real estate tax refund; U=Accounting charge; V=Interest expense reversal.

** Comparisons are based upon earnings per share before special items. Where loss is reported in one or both quarters, change in direction is shown as "Better" or "Worse."

the industry, while at the same time some anticipated downturns were finally reported. The property trusts had another strong quarter and many of the nonqualified trusts and corporations show evidence of further recovery; however, those trusts, especially the mortgage trusts, with high interest rate exposure have begun to report earnings declines following a period of surprising strength in the face of ever-rising rates. But here, too, results are mixed as some of the trusts reported earnings increases.

Equitable Life Mtg. & Realty posted the largest decline of the mortgage trusts, down 34%; **MONY Mortgage** was down 33% and **BankAmerica Rlty.** down 21%. All of these trusts have substantial short term interest rate exposure. Equitable is continuing to pay its 50¢/share quarterly dividend, substantially above its October quarter earnings, indicating that the trust is dipping into capital. MONY is paying a 10¢/share extra dividend, **MassMutual Mortgage**, on the other hand, with low rate exposure, reported an earnings increase of 19% for its October quarter, and boosted its dividend 6%.

Pacific-Southern Mortgage reported a 5% gain in EPS before special items; the 38¢/share special item resulted from the elimination of the trust's loss reserve as an unsecured note was deemed collectible. Pacific-Southern's 42¢/share dividend in the current quarter reflects the payment of the credit.

REIT of America reported gains in EPS of 30% and 41% in its November quarter and fiscal year respectively and declared a 45¢/share extra dividend. **Realty & Mortgage Inv.** Pacific had a 27% gain in annual EPS despite a 4% decline in the fourth quarter, and boosted its dividend 14%.

In a banner month for dividend increases, a total of 12 trusts raised their payouts. **Realty Income** posted a decrease of 43% in its payout; EPS is hurt by high rates and nonearning assets.